

STANDARDS FOR FIRST NATION EXPENDITURE LAWS

PART I PREAMBLE

WHEREAS:

- A. Section 35 of the *First Nations Fiscal and Statistical Management Act* gives the First Nations Tax Commission the authority to establish standards respecting the form and content of First Nation local revenue laws enacted under subsection 5(1) of the Act;
- B. Standards are established by the Commission to further the policy objectives of the Commission and the Act, including to ensure the integrity of the First Nations property taxation system and to assist First Nations to achieve economic growth through the generation of stable local revenues; and
- C. Section 31 of the Act requires the Commission to review every local revenue law and subsection 5(2) of the Act provides that such a law has no force and effect until it is reviewed and approved by the Commission.

PART II PURPOSE

These Standards set out the requirements that must be met for First Nation expenditure laws enacted under paragraphs 5(1)(b) and 10(b) of the Act. These Standards are used by the Commission in its review and approval of First Nations' expenditure laws, pursuant to section 31 of the Act. The requirements established in these Standards are in addition to those requirements set out in the Act.

The Commission recognizes that each First Nation's property taxation system operates within the broader context of its fiscal relationships with other governments. These Standards are intended to support a more comprehensive First Nation fiscal framework within Canada.

PART III AUTHORITY AND PUBLICATION

These Standards are established under subsection 35(1) of the Act and are published in the *First Nations Gazette* as required by subsection 34(1) of the Act.

PART IV

APPLICATION

These Standards apply to every expenditure law submitted to the Commission for approval under the Act.

PART V DEFINITIONS

In these Standards:

“Act” means the *First Nations Fiscal and Statistical Management Act*, S.C. 2005, c.9, and the regulations enacted under that Act;

“annual budget” means the annual budget of a First Nation that forms part of its Law and sets out its projected local revenues and its projected expenditure of those local revenues during the budget period;

“Commission” means the First Nations Tax Commission established under the Act;

“First Nation” means a band named in the schedule to the Act;

“Law” means an expenditure law enacted under paragraph 5(1)(b) of the Act;

“local revenues” means money raised by a First Nation under a law enacted under subsection 5(1) of the Act;

“local service” means an activity, work or facility undertaken or provided by or on behalf of the First Nation that is funded partially or fully by local revenues, that is for a public purpose, and that falls within a category of expenditures listed in the Schedule;

“reserve fund” means a reserve fund established by the First Nation but does not include a debt reserve fund established by a borrowing member; and

“taxpayer” means a person liable for the payment of taxes to a First Nation.

PART VI STANDARDS

1. The Law must provide for local revenues to be expended only on local services and, without limitation, must not provide for
 - (a) per capita distributions; or
 - (b) expenditures relating to any commercial, for-profit, enterprise undertaken by or on behalf of the First Nation, including without limitation by a corporation in which the First Nation holds shares.

2. The Law required under paragraph 10(b) of the Act must
 - (a) include as a schedule the First Nation's annual budget, using the categories of expenditures set out in the Schedule;
 - (b) provide for a contingency amount for the provision of local services as part of the annual budget, as follows:
 - (i) the contingency amount must not exceed ten percent (10%) of the total annual local service expenditures of the First Nation; and
 - (ii) the contingency amount must be at least one percent (1%) of the total annual local service expenditures of the First Nation; and
 - (c) set out, in respect of each service agreement between the First Nation and a third-party service provider, the amounts payable by the First Nation to the third party under the agreement in the budget period.
3. The Law must provide that contingency amounts may be expended as necessary in any of the categories of expenditures set out in the annual budget.
4. The Law must set out all payments into a reserve fund and all expenditures from a reserve fund.

**PART VII
COMING INTO FORCE**

These Standards are established and in effect as of _____, 200_.

**PART VIII
ENQUIRIES**

All enquiries respecting these Standards should be directed to:

First Nations Tax Commission
321 – 345 Yellowhead Highway
Kamloops, BC V2H 1H1
Telephone: (250) 828-9857

SCHEDULE I
LOCAL SERVICE EXPENDITURE CATEGORIES

1. General Government Expenditures
 - a. Executive and Legislative
 - b. General Administrative
 - c. Other General Government
2. Protection Services
 - a. Policing
 - b. Firefighting
 - c. Regulatory Measures
 - d. Other Protective Services
3. Transportation
 - a. Roads and Streets
 - b. Snow and Ice Removal
 - c. Parking
 - d. Public Transit
 - e. Other Transportation
4. Recreation and Cultural Services
 - a. Recreation
 - b. Culture
 - c. Other Recreation and Culture
5. Community Development
 - a. Education
 - b. Housing
 - c. Planning and Zoning
 - d. Community Planning
 - e. Economic Development Program
 - f. Heritage Protection
 - g. Agricultural Development
 - h. Urban Renewal
 - i. Beautification
 - j. Land Rehabilitation
 - k. Tourism Development
 - l. Tourism Information
 - m. Other Regional Planning and Development

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6. Environment Health Services
 - a. Water Purification and Supply
 - b. Sewage Collection and Disposal
 - c. Garbage Waste Collection and Disposal
 - d. Other Environmental Services
7. Fiscal Services
 - a. Interest Payments to the First Nations Finance Authority
 - b. Debt Payments to the First Nations Finance Authority
 - c. Other Payments to the First Nations Finance Authority
 - d. Other Interest Payments
 - e. Other Debt Charges
 - f. Other Fiscal Services
 - g. Debenture Payments
8. Other Services
 - a. Health
 - b. Social Programs and Assistance
 - c. Agriculture
 - d. Tourism
 - e. Trade and Industry
 - f. Other Service
9. Taxes Collected for Other Governments